

MARTIN MARIETTA MATERIALS INC

Form 11-K

June 23, 2008

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 11-K

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 (NO FEE REQUIRED)**

For the fiscal year ended December 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from _____ to _____

Commission file number: 1-12744

MARTIN MARIETTA MATERIALS, INC.

PERFORMANCE SHARING PLAN

(Full title of the plan and the address of the plan,
if different from that of the issuer named below)

MARTIN MARIETTA MATERIALS, INC.

2710 Wycliff Road

Raleigh, North Carolina 27607

(Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office)

Table of Contents

Financial Statements and Supplemental Schedule
Martin Marietta Materials, Inc. Performance Sharing Plan
December 31, 2007 and 2006 and Year Ended December 31, 2007
Page 2 of 14

Martin Marietta Materials, Inc. Performance Sharing Plan
Audited Financial Statements
and Supplemental Schedule
December 31, 2007 and 2006 and Year Ended December 31, 2007
Contents

<u>Report of Independent Registered Public Accounting Firm</u>	4
Audited Financial Statements:	
<u>Statements of Net Assets Available for Benefits</u>	5
<u>Statement of Changes in Net Assets Available for Benefits</u>	6
<u>Notes to Financial Statements</u>	7
Supplemental Schedule:	
<u>Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)</u>	12
<u>Exhibit 23.01</u>	

Table of Contents

Report of Independent Registered Public Accounting Firm

Martin Marietta Materials, Inc., as Plan Administrator

Raleigh, NC

We have audited the accompanying statements of net assets available for benefits of the Martin Marietta Materials, Inc. Performance Sharing Plan (the Plan) as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. These financial statements are the responsibility of Martin Marietta Materials, Inc., as Plan Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2007 and 2006, and the changes in its net assets available for benefits for the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental Schedule of Assets (Held at End of Year) as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dixon Hughes PLLC

June 20, 2008

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Statements of Net Assets Available for Benefits

	December 31	
	2007	2006
	<i>(in thousands)</i>	
Assets		
Interest in Master Trust, at fair value	\$ 166,482	\$ 161,810
Participant loans	2,985	2,596
Contributions receivable:		
Employees	286	294
Martin Marietta Materials, Inc.	97	97
Net assets available for benefits	\$ 169,850	\$ 164,797

See accompanying notes.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2007
(in thousands)

Net assets available for benefits at beginning of year	\$ 164,797
Additions to net assets attributed to:	
Interest in net investment gain of Master Trust	14,731
Interest on participant loans	208
Contributions:	
Employees	8,006
Martin Marietta Materials, Inc.	2,578
Rollovers	273
Total contributions	10,857
Total additions	25,796
Deductions from net assets attributed to:	
Distributions and withdrawals	19,947
Administrative expenses	618
Transfers out to other plans	178
Total deductions	20,743
Net increase in net assets available for benefits	5,053
Net assets available for benefits at end of year	\$ 169,850

See accompanying notes.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Notes to Financial Statements
December 31, 2007 and 2006

1. Accounting Policies

The financial statements of the Martin Marietta Materials, Inc. Performance Sharing Plan (the Plan) are prepared on the accrual basis of accounting. Distributions are recorded as paid. Therefore, no liability is recorded for distributions to participants who terminated during the year but have chosen to defer payments to the following year. The assets of the Plan are held and invested on a commingled basis in the Martin Marietta Materials, Inc. Defined Contribution Plans Master Trust (the Master Trust) along with the assets of the Martin Marietta Materials, Inc. Savings and Investment Plan. The Plan's interest in the Master Trust is stated at the fair value of the underlying net assets in the Master Trust. Fair values of the underlying net assets are determined by closing prices on the last business day of the year for those securities traded on national exchanges and at the most recent sales prices for those securities traded in over-the-counter markets. Participant loans are valued at their cost basis, which are assumed to approximate their fair values. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recognized on the accrual basis. The assets, realized and unrealized gains and losses, and investment income of the Master Trust are allocated among the participating plans on a pro rata basis based on asset balances. Substantially all administrative expenses are paid by the Master Trust and allocated to each of the participating plans.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates, including the determination of fair values of investments for which market values are not readily available. Actual results could differ from those estimates.

2. Description of the Plan

The following description of the Plan provides only general information. Participants should refer to the summary plan description for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan providing eligible salaried employees of the Corporation an opportunity to participate in an individual savings and investment program providing tax-deferred savings. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Martin Marietta Materials, Inc. (the Corporation) is the Plan's sponsor and also serves as the Plan administrator.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Notes to Financial Statements (continued)

2. Description of the Plan

Employees are eligible to enroll in the Plan as soon as administratively possible upon hire. Participants may elect to contribute basic contributions of 1% to 7% of base salary (as defined in the Plan and subject to applicable Internal Revenue Code (the Code) limitations on allowable compensation). Certain participants may also elect to make additional supplemental contributions, which are not considered for purposes of computing the employer match. A participant's before-tax combined basic and supplementary contributions may not exceed 25% of that participant's base pay.

Unless an affirmative election not to participate in the Plan is made, employees hired on or after March 1, 2006 are automatically enrolled in the Plan and deemed to have elected to contribute 2% of base salary. The 2% contribution increases by 1% on each anniversary date of the participants' automatic enrollment until the before-tax contribution reaches 7% of base salary. Participants may make an affirmative election at any time to contribute a different amount. Contributions are automatically invested in a fund intended to preserve capital, unless otherwise designated by the participant.

Certain participants also have the option of making after-tax contributions up to 17% of base pay to the Plan, in addition to, or in lieu of, before-tax contributions. However, the combined amount of after-tax and before-tax contributions cannot exceed a total of 25% of base pay, subject to certain restrictions for highly compensated employees.

The Corporation matches the participants' annual basic contributions (the first 7% of base pay) starting the first of the month following six months of employment. The amount of the Corporation's match is equal to 50% of the basic contributions and is credited to participant accounts semi-monthly. All participants are 100% vested in the value of their accounts, including employer contributions.

The participants' investment options within the Master Trust include the State Street Yield-Enhanced Short-Term Investment Fund, State Street S&P 500 Flagship Index Fund, Martin Marietta Materials Common Stock Fund, Harbor Capital Appreciation Fund, Wells Fargo Advantage Bond Fund, Vanguard Windsor Fund, Vanguard Explorer Fund and Vanguard International Growth Fund. In August 2007, the State Street Daily Bond Market Fund was replaced by the Wells Fargo Advantage Bond Fund.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Participants may change the overall percentage of their contributions in 1% increments and may change investment elections for future before-tax, after-tax and matching contributions, both up to once per month. Any changes in investment elections must be made in 5% increments. In addition, participants may change the investment mix of the accumulated value of prior contributions among the investment options daily, but are limited to 12 changes in a calendar year, provided that the participant has one transfer in a calendar quarter, regardless of the limitation. The Plan also allows for spot transfers in which a specific dollar amount may be transferred from one investment option to another.

The Plan provides for participants to borrow from the money in his or her own investment account. All loans must meet specific terms and conditions of the Plan and are subject to applicable regulations of the Code. The minimum loan amount is \$500. The maximum loan is the lesser of 50% of the total account balance or \$50,000 minus the highest outstanding loan balance from the past 12 months. Loans must be repaid at a minimum rate of \$40 per month. Personal loans are available to participants in terms of up to 5 years, and primary residence loans are available for terms of up to 15 years. Such loans bear interest at a fixed rate, established upon loan request, which is equal to the annual prime rate (based upon corporate borrowing rates posted by at least 75% of the nation's 30 largest banks, as reported in *The Wall Street Journal* on the first business day of the calendar month before loan application) plus 1%. All loans are due in full immediately upon termination of employment. In addition, the Plan provides for in-service withdrawals to participants that meet specific conditions of financial hardship, as defined in the Plan and in accordance with current specific regulations under the Code. Participants who are still working at the age of 59^{1/2} may qualify for special withdrawal rights and privileges as defined in the Plan.

Upon separation from the Corporation, participants may receive the full current value of their contributions and the matching employer contributions in a lump-sum payment at any time or defer any payment until the participant reaches the age of 70^{1/2}. Participants who have attained age 55 may receive their distributions in the form of a lump-sum payment or in annual installments over a period of up to 25 years. The accounts of participants who receive installment payments remain invested in the funds indicated by the participant.

State Street Bank and Trust Company, a subsidiary of State Street Corporation, is the trustee of the Master Trust and CitiStreet LLC is the recordkeeper of the Master Trust and Plan.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Although the Corporation expects to continue the Plan indefinitely, the Board of Directors of the Corporation may terminate the Plan for any reason at any time. If the Plan is terminated, each participant or former participant shall receive a payment equal to the value of the participant's account.

3. Income Tax Status

The Plan received a determination letter from the Internal Revenue Service dated April 9, 2003, stating that the Plan is qualified under Section 401(a) of the Code, and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

4. Master Trust

The Plan's interest in the Master Trust's net assets as of December 31, 2007 and 2006 was 64.22% and 65.57%, respectively. An analysis of investments and related investment income for the Master Trust is as follows:

	Interest and Dividends	2007 Net Appreciation in Fair Value During Year <i>(in thousands)</i>	Fair Value at End of Year	2006 Fair Value at End of Year
Cash and cash equivalents	\$ 3,327	\$ 187	\$ 74,491	\$ 59,740
Government bonds	2	(1,946)	941	9,946
Corporate bonds	1	(1,095)	530	5,594
Common stocks	7,544	14,356	183,293	171,485
	\$10,874	\$11,502	\$259,255	\$246,765

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
Notes to Financial Statements (continued)

4. Master Trust (continued)

The investments for the Master Trust are invested as follows:

	December 31,	
	2007	2006
	<i>(in thousands)</i>	
Vanguard Explorer Fund	\$ 11,694	\$ 10,712
Vanguard Windsor Fund	23,157	24,424
Vanguard International Growth Fund	27,592	20,190
* State Street Yield-Enhanced Short-Term Investment Fund	74,491	59,740
Wells Fargo Advantage Bond Fund	1,471	
* State Street Daily Bond Market Fund		15,540
* State Street S&P500 Flagship Index Fund	54,427	53,017
Harbor Capital Appreciation Fund	12,976	12,314
* Martin Marietta Materials, Inc. Common Stock	53,447	50,828
	\$ 259,255	\$ 246,765

* Indicates
party-in-interest
to the Plan.

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

6. Subsequent Events

Effective May 1, 2008, the Plan Administrator changed the trustee of the Master Trust and recordkeeper of the Master Trust and Plan to Wells Fargo Retirement Plan Solutions (Wells Fargo). In connection with the change, participants' existing account balances were transferred to Wells Fargo. All account balances of active employees immediately after the transfer equaled the employee's balance in the Plan immediately prior to the transfer. As of May 1, 2008, the Plan features new investment options, including target date funds, and fewer restrictions on loans and withdrawals.

Table of Contents

Martin Marietta Materials, Inc. Performance Sharing Plan
 EIN: 56-1848578 Plan Number: 005
 Schedule H, Line 4i Schedule of Assets
 (Held at End of Year)
 December 31, 2007

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d)	(e) Current Value (in thousands)
*	Interest in Master Trust	Martin Marietta Materials, Inc. Defined Contribution Plans Master Trust	\$	166,482
*	Participant loans	Interest rates ranging from 5% to 10.5%		2,985
			\$	169,467

Note: Cost information has not been included in column (d) because all investments are participant directed.

* Indicates party-in-interest to the Plan.

Table of Contents

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the below named plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

MARTIN MARIETTA MATERIALS, INC.
PERFORMANCE SHARING PLAN

By: Martin Marietta Materials, Inc.
Plan Administrator

By: Benefit Plan Committee

By: /s/ Anne H. Lloyd

Anne H. Lloyd

Date: June 23, 2008

Page 13 of 14

Table of Contents

EXHIBIT INDEX

Exhibit No.		Document
23.01	Consent of Dixon Hughes PLLC	Page 14 of 14